

# Koch Oversteps of Academic Freedom

An Incomplete Draft  
Spring 2016

A joint report from UnKoch My Campus and FSU Progress Coalition

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# Introduction

This document is an *unfinished* compilation of all examples documented by UnKoch My Campus where documented evidence shows the Charles Koch Foundation exerting undue donor influence over academic and administrative decisions.

The text below is separated into examples of specific kinds of influence. It begins with donor influence over the hiring process, then over faculty scholarly activities including research, tenure, curriculum, and majors. The effect of donor influence is then seen in student activities, from student groups to graduate fellowships, and how the Koch foundation requires private emails of student participants. We also include specific examples of how the Koch Foundation's agreement blatantly violates academic and donor policies.

Beyond violation of policies, Koch's operations at universities have included many ethically dubious actions. Some background on the specific motivation of Koch's donor network is given, in order to contextualize the aggressive tactics being witnessed. Examples include conflicts of interest, threats, intimidation, censorship, and deliberate misinformation. In addition, examples of inappropriately political activities of Koch funded faculty, much of which includes scientific misconduct, like failing to disclose funding sources.

Any lack of content in this document should not be taken as a rarity of the observed behavior, nor a lack of documentation. In some instances not enough public information exists to document the activity yet, or on the contrary, for something common like a donor created speaker series, there is so much information that collecting and condensing would have been impractical.

# Donor Influence in Hiring and Programs

## Contractual Influence Over Hiring And Programming

At universities where the public has been able to see a contract (Memoranda of Understanding, or MOU) signed by a university and the Charles Koch Foundation, a common stipulation common to them all is that any activities comply with the a provision of the contract that CKF calls its “Objectives and Purposes.”

At **Florida State University**, the “Affiliated Programs and Positions” established by CKF are required to comply with the following:

1. Objectives and Purposes. (a) The purpose of the Affiliated Programs and Positions is to *advance the understanding and practice of those free voluntary processes and principles that promote social progress, human well-being, individual freedom, opportunity and prosperity based on the rule of law, constitutional government, private property and the laws, regulations, organizations, institutions and social norms upon which they rely*, These goals will be pursued by supplementing the academic talent that is currently at FSU to create a strong program that will focus on building upon and expanding research and teaching efforts related to economic institutions and political economy. ([2008](#) and [2013](#) FSU MOU)

All aspects of the programs set forward in the MOU are obligated to comply with the Koch Foundation’s “Objectives and Purposes,” and compliance is actively enforced by CKF, which:

...reserves the right to discontinue or revoke any part of this Memorandum (including withholding any amounts to be made under any Donor Agreement to which CKF is a party regarding the Affiliated Programs and Positions) [...] if in CKF's reasonable discretion, such action is necessary to protect the Objectives and Purposes set forth in Section I(a) above. ([2008](#) and [2013](#) FSU MOU, Section 12, pg 9)

A supplemental document to FSU’s 2008 MOU, Attachment C, reveals Koch’s ability to withdraw funding for noncompliance at any point with 15 days notice;

Such termination shall be deemed effective upon the expiration of said fifteen (15) days from the date notice was provided by Donor to Donee and University, if Donee and/or University have not therefore corrected the events of default or performed the acts described in the notice.” (FSU 2008 MOU [Attachment C](#), Section V.H)

At **Utah State University**, the 2008 MOU creates donor funded positions by “augmenting funding for five professors,” called “the Professors”:

1. Objectives and Purposes.

(a) The purpose of the support for the Professors is to *advance the understanding and practice of those free voluntary processes and principles that promote social progress, human well-being, individual freedom, opportunity and prosperity based on the rule of law, constitutional government, private property and the laws, regulations, organizations, institutions and social norms upon which they rely*. These goals will be pursued by supplementing the academic talent currently at USU to create a strong program that will focus on building upon and expanding research and teaching efforts related to individual freedom, social progress and human well-being. The Parties seek to strengthen the foundation that exists at USU and extend efforts related to the research, publication, education, dissemination and academic and public appreciation of individual freedom, social progress and human well-being (Collectively, the “Objectives and Purposes”). (USU 2008 MOU, Section 1.a)

All activities of “the Professors” set forward in the MOU are obligated to comply with the Koch Foundation’s “Objectives and Purposes,” and compliance is actively enforced by CKF, which:

CGK Foundation reserves the right to discontinue or withhold any Funding Amount to be paid under this Agreement if, in CGK Foundation’s reasonable discretion, (a) USU has not fully complied with the terms and conditions of this Agreement; (b) the Professors are not advancing the Purposes and Objectives; or (c) such action is necessary to comply with any law or regulation applicable to USU or to CGK Foundation. (USU 2008 MOU, Section 9)

The monitoring of compliance not only an obligation that university hires and officials are responsible for, but the Koch foundation also requires access to faculty “files” and “accounts” on any given business day:

Additionally, USU will cause CGK Foundation and its representatives to have reasonable access during regular business hours to files, reports, accounts, or personnel that are associated with this Agreement, the Professors and the Funding Amount. (USU 2008 MOU, Section 10.a)

At **Clemson University**, the 2009 MOU is distinct from some other MOUs, in that it references a that “[t]he University, within its College of Business and Behavioral Science, has established CISC,” the Clemson Institute for the Study of Capitalism. In addition to requiring that the “Donor Supported Faculty Positions” comply with the Objectives and Purposes, the agreement suggests that Koch’s Objectives and Purposes were already the primary objectives of CISC:

#### 1. Objectives and Purposes

(a) The University, within its College of Business and Behavioral Science, has established CISC. The primary objectives and purposes of CISC are to *advance the understanding and practice of those free and voluntary processes and principles that promote social progress, human well-being, individual freedom, opportunity and prosperity based on the rule of law, constitutional government, private property and the laws, regulations, organizations, institutions and social norms upon which they rely*. It is the Parties’ intention that the objectives and purposes of CISC will be further advanced by CGK Foundation’s provisioning of funds to recruit and hire positions (hereinafter referred to as the “Donor Supported Faculty Positions”) at CISC to help strengthen this foundation and extend efforts related to research, publication,

dissemination, teaching, and continued academic and public use of the and support the research into the causes, measurements, impact, and appreciation of economic freedom. [*emphasis ours*]

All aspects of the programs set forward in the MOU are obligated to comply with the Koch Foundation's "Objectives and Purposes," and compliance is actively enforced. The Koch foundation:

reserves the right to discontinue or withhold any amount offending to be made under this Agreement if, in CGK Foundation's reasonable discretion, University has not fully complied with the terms and conditions of this Agreement; the Donor Supported Faculty Positions are not advancing the Purposes and Objectives set forth in Section I above (Clemson 2009 MOU, Section VI.B, pg 5)

[...]

a breach by University of any commitment, agreement, obligation, covenant, representation or warranty, made or required under this Agreement shall give CGK Foundation the ability to terminate this Agreement.

The Koch foundation reserves the right to give only 15 days notice before withdrawing all funds.

Such termination shall be deemed effective upon the expiration of said fifteen (15) days from the date notice was provided by CGK Foundation to University, if University has not therefore corrected the events of default or performed the acts described in the notice. During the pendency of this 15-day period, CGK Foundation will not be obligated to contribute any funds pursuant to this Agreement and University will suspend any further payments pending the corrective action by the University. In the event of termination of this Agreement, notwithstanding any contrary provision herein, CGK Foundation shall have the right to require that all unexpended Contributed Amounts be returned to CGK Foundation. (VI.I)

At **West Virginia University**, the "Donor Supported Professorship Positions" established by CKF are required to comply with the following ([2009 MOU](#))

#### 1. Objectives and Purposes

(a) The University and its Department of Economics, within the College of Business and Economics ("College"), have established a focused research effort among select faculty members with the purpose of *advancing the philosophical and interdisciplinary understanding of human freedom in the political, economic, social and personal domains and to explore the nature of free market economics and its impact on our society* (hereinafter referred to as the "Program"). The Parties desire to further support the Program's mission by supplementing the academic talent (hereinafter referred to as the "Donor Supported Professorship Positions") currently within the University and the Department of Economics to create a strong program that will focus on building upon and expanding the research and teaching efforts related to the University and the Program as described herein. [*emphasis ours*]

All aspects of the programs set forward in the MOU are obligated to comply with the Koch Foundation's "Objectives and Purposes," and compliance is actively enforced. The Koch foundation:

... reserves the right to discontinue or withhold any amount to be contributed under this Agreement if in CGK Foundation's reasonable discretion (a) the University or the Donee have not fully complied with the terms and conditions of this Agreement; (b) the College, Donor Supported Professorship Positions, and College's operations are not advancing the Purposes and Objectives set forth in Section 1(a) above (WVU 2009 MOU, Section VI.J)

[...]

...a breach, whether caused by Donee or University, of any commitment, agreement, obligation, covenant, representation or warranty, made or required under this Agreement shall give CGK Foundation the ability to terminate this Agreement. (WVU 2009 MOU, Section VI.H)

The Koch foundation is able to withhold funding after providing just 15 days notice

Such termination shall be deemed effective upon the expiration of said fifteen (15) business days from the date notice was provided by CGK Foundation to Donee and/or University, if Donee and/or University have not therefore corrected the events of default or performed the acts described in the notice. During the pendency of this 15-day period, CGK Foundation will not be obligated to contribute any funds pursuant to this Agreement and Donee will suspend any further payments pending the corrective action by the Donee and/or University. In the event of termination of this Agreement, notwithstanding any contrary provision herein, CGK Foundation shall have the right to require that all unexpended Contribution Amounts contributed be returned to CGK Foundation. (WVU 2009 MOU, Section VI.H)

At the **University of Louisville**, a [2015 MOU](#) creates the John H. Schnatter Center for Free Enterprise in a partner donorship with John Schnatter (CEO of Papa John's). Unlike many past agreements, where all programs and hiring must comply with a centrally defined "Objectives and Purposes," the UL MOU defines the "the Center" in a supplementary document:

The John H. Schnatter Center for Free Enterprise (the "Center") will explore the role of enterprise and entrepreneurship in advancing human well-being by providing programs for undergraduate and graduate students and the public at large.

The Center will sponsor new courses in the College of Business (the "College"), lectures, reading groups, and other activities. Through Ph.D. fellowships, four new faculty members, and various academic programs, the Center will become a hub for scholarship on the role of enterprise and entrepreneurship in society and the ideas and institutions that lead to well-being.

The Center's "Mission" and "Objectives" are also defined by the Donor in Attachment A:

The mission of the Center is to engage in research and teaching that explores the role of enterprise and entrepreneurship in advancing human well-being (the "Center's Mission").

### **The Center objectives**

- Provide educational initiatives including courses, seminars, reading groups, research fellowships, symposiums and lectures, including one annual "keynote" speaker who will help build a larger intellectual exchange around the Center's Mission through a talk on the role of enterprise and entrepreneurship in advancing well-being.
- Engage the Louisville community through talks, seminars, dissemination/publication of research, and other activities that will share the Center's work with the community.
- Encourage topical research in enterprise and entrepreneurship including the influence of public policies on economics.

The Center's staff and activities are required to "support the Center's Missions." In fact, the MOU states unambiguously that "the Donor agrees to contribute funds to the Foundation exclusively to support the Center Programs to advance the Center's Mission" (UL 2015 MOU, Section 4.a). The MOU further clarifies that compliance is determined by the sole and "reasonable discretion" of the Donor, who retains the ability to withhold funding immediately at anytime, and revoke the agreement altogether:

If at any point during the Term, the Donor determines in its reasonable discretion that: (i) the Foundation or the University has not acted in good faith under this Agreement; (ii) the Center Programs are not advancing the Center's Mission as stated in this Agreement, or (iii) such action is necessary to comply with any law applicable to one of the Parties, the Donor shall notify the Foundation and the University of its determination, and the Parties shall make a good faith effort to meet within sixty (60) days to discuss the Donor's determination. If the Donor's determination does not change after the end of this sixty (60) day period, the Donor has the right to terminate the Agreement upon providing thirty (30) days' notice to the Foundation and the University. During the pendency of the sixty (60) day period and any following thirty (30) day notice period, the Donor shall not be obligated to provide any Contributed Amount. In the event of termination of the Agreement, the Foundation and the University each agree to return all uncommitted Contributed Amounts to the Donor within fifteen (15) days of the Donor's request. (UL 2015 MOU, Section 8.a)

This provision continues, asserting that the university bears no obligation to the donor, and yet in the next sentence acknowledges, quantifies, and adds obligations:

The University and Foundation each represent and warrant that they are not relying on the Donor's proposed funding under this Agreement to incur any obligation or take any action or inaction. The Foundation's and University's obligations shall end upon the Donor's termination of this Agreement, except that the University shall continue to provide support to maintain the Tenure-Track Professorships indefinitely. (UL 2015 MOU, Section 8.a)



## Inappropriate Involvement in Early Hiring

At **Florida State University**, a faculty senate investigation “determined that the Koch Memorandum of Understanding as currently written allows undue, outside influence over FSU’s academic content and processes.” Their report revealed extensive interference with the early hiring process, finding:

Koch prior approval of the advertisement used for filling positions, and Koch establishment of parallel interview activities at the professional conference where the FSU search committee was interviewing applicants. (Standley Report, 3.a)

They describe in further detail how Koch officials overstepped the expressed will of FSU Department of Economics:

At the annual meeting of the American Economic Association in January of 2009 in San Francisco, [Koch] donor officers requested personal participation in the interview sessions, which the department appropriately refused. But then members of the departmental interview team learned by coincidence that a donor representative was nevertheless making independent contact with candidates at the convention for lunch or similar informal conversations, without notifying the FSU interview team. (Walker Report, footnote to 3.c)

At **Auburn University**, an investigation in 2007 revealed that the hires made by the Koch foundation programming involved a number of “irregularities.” One irregularity was the near absence of a job announcement, as reported by the Auburn Villager:

When they learned of the center, some faculty members asked if a national search had taken place and started looking for the job announcement. The job was not advertised on the AU Web site or on any of the recognized venues where economics faculty are usually recruited, they say”.

One professor said he finally found the job advertised only once on a Web site called Social Science Research Network. The advertisement was posted Nov. 4, 2007, with enquiries to go to [Dean] Jahera. Review of applications was to take place Dec. 1, 2007. On Nov. 9, however, [Robert] Lawson was already going to be on campus to give a seminar, according to an e-mail to a College of Business faculty member on Nov. 5, one day after the job was advertised.

In light of this, it does not seem likely or possible that there was a search committee mandated by Auburn’s own policies:

According to a faculty recruitment checklist posted online by AU's Office of Affirmative Action and Equal Employment Opportunity, a search committee is mandatory. The search committee reviews the advertisement and sets a timetable to review applications. The search committee then screens applications on the basis of advertised criteria, requests letters of reference and prepares a short list of candidates to be interviewed. Then candidates are interviewed and a candidate is selected.

[...]

After learning of the center in December and finding out that many senior faculty did not even know about the project in January, Gogue purportedly urged more openness. On Feb. 12, the center was included on the agenda for that month's University Senate meeting.

[...]

By that time, however, Lawson had already been hired and the center was a fait accompli. He is now an associate professor in the department of finance. [[Auburn Villager](#), Sept 2008]

At **Clemson University**, the 2009 Memorandum of Understanding provides the Koch foundation oversight over the hiring process “Donor Supported Faculty Positions.” As the basis for selecting an initial pool of candidates, the university is obligated to ensure that potential hires adhere to Koch’s Objectives and Purposes 1.a

(b) University agrees to recruit individuals for these two Donor Supported Faculty Positions who

(i) support the Objectives and Purposes set forth in Section 1(a) above,

(ii) demonstrate the ability to work collaboratively and effectively toward those Objectives and Purposes, and

(iii) conduct research that advances the Objectives and Purposes as well as complements, informs, and builds upon the University’s existing strengths in the study of capitalism and its ties to prosperity, social progress, and human well-being.

At **Utah State University**, the 2008 MOU creates donor funded positions by “augmenting funding for five professors,” called “the Professors.” The university is obligated by the MOU to “recruit and maintain the Professors in accordance with the Objectives and Purposes” (USU 2008 MOU, Section 2.c.iii):

USU agrees to recruit Professors who support the Objectives and Purposes and have demonstrated advancement of, or show the promise of working effectively in collaborative efforts to advance, the Objectives and Purposes. The Parties expect that the Professors’ research will compliment, inform and build upon USU’s existing strengths in business, finance, economics, institutions and property rights as they relate to and inform the foundations of prosperity, social progress and human well-being. (USU 2008 MOU, Section 3.a)

At the **University of Louisville**, a [2015 MOU](#) creates a Center for Free Enterprise that involves hiring several faculty. The MOU requires that these faculty be aligned with the Donor invented “Mission” of the Center, but the Donor requires that the search committees for all faculty are to be chaired by the Center’s Director, Professor Stephan Gohmann, who is stipulated by name in the MOU:

All faculty hires will follow the normal procedures for hiring faculty members in the College and the University. The Center Director will chair all of the search committees for the faculty searches. Faculty members hired for the Center positions must have demonstrated a track record that is supportive of the Center's Mission or show promise of developing such a record. (UL 2015 MOU, Attachment A)

At **Western Carolina University**, record requests reveal conversations between the BB&T faculty member, Dr. Edward Lopez, surrounding the creation of a the Center for the Study of Free Enterprise. In these conversations, Lopez overtly offers the Charles Koch Foundation early involvement in developing specific hiring objectives. Specifically, Lopez provides insight on how to the hires and program will “create value” for the Koch foundation:

I'll describe the current situation here, in particular the hiring possibilities and my proposed strategy for successfully navigating them. Finally I'll propose an investment scenario and the value it would generate. ([Lopez 7/27/15](#))

Lopez describes his “investment scenario.”

Ideal scenario: Recruit free enterprise individuals for the GL chair and for Steve Miller’s line while also creating a new assistant professor line that Zac Gochenour can compete for. Establish an economics major and expand economics course offerings. Continue to grow our Free Enterprise Educational Activities programs, and develop our pipeline of student development to its fullest potential. ([Lopez 7/27/15](#), Section 3.A)

A February 2015 blog post from a WCU professor reported:

a job posting for a WCU economics professor opening appeared in early October — two months before the free enterprise center would come before the board of trustees for a vote.” Language in the ad also specified that this person would be part of the center, but that language was later removed from the ad after faculty cried foul). (pulled from [Laura Wright 2016 blog post](#))

Another WCU professor was quoted

Here a tiny, unrepresentative portion of the university faculty has decided on a strategic direction that has major consequences for the university, not in discussions with the rest of the faculty, but with an outside group with a decidedly biased perspective. [...] To my amazement, the administration bought it. That, in my experience, is extraordinary. [...]which don’t necessarily square with the university’s priorities. [...] The university faculty has been left out of the discussions and the Koch Foundation and Dr. Lopez are clearly the beneficiaries of the decisions that have been made. [...] The process was off the rails. ([Smoky Mountain News 1/20/16](#))

## Inappropriate Influence Actual Hiring Process

At **Florida State University**, the [2008](#) and [2013](#) MOUs grant the Koch foundation direct involvement the hiring process of donor funded “Affiliated Programs and Positions” including a program for the Study of Political Economy and Free Enterprise (SPEFE), and program for Excellence in Economic Education (EEE), Professorship Positions, Teaching Specialist Position, an Undergraduate Program.

In each MOU, a donor created Advisory Board is given direct control over hires and programming:

In order to preserve and safeguard the philanthropic and educational intent of CGK Foundation, its Donor Partners, as well as the educational objectives of FSU, an advisory board (the “SPEFE-EEE Advisory Board”) will be created consisting of three members. In consultation with the Chair of the Economics Department, the members will be chosen by CGK Foundation. The SPEFE-EEE Advisory Board will have the responsibility of reviewing the administration and compliance of this Memorandum and the SPEFE and EEE Programs’ budgets and plans for each academic year. (FSU 2008 MOU, Section 7.b)

A Faculty Senate investigation determined that “There was Koch control over selection of FSU tenure-track faculty for funded positions via veto power” (Standley report, Finding 3.a). This influence over Professorship Positions (and beyond) is described in the 2008 MOU:

The Executive Committee will submit a list of top candidates to the SPEFE-EEE Advisory Board. The SPEFE-EEE Advisory Board will review the list and make a recommendation as to which candidates are qualified to receive funding. The Executive Committee will then select the individual for the Professorship Position. **No funding for a Professorship Position or any other Affiliated Program or Position will be released without the review and approval of the SPEFE-EEE Advisory Board**” (FSU 2008 MOU, 3.d.iii).

In both MOU, it is stated that “[t]he decision rule of the SPEFE-EEE Advisory Board in all matters will be unanimous vote of all three members” (FSU 2008 and 2013 MOU, Section 7.b). Although in 2013 the provision was revised superficially, the above quote is still true of the arrangement: CKF has veto power over what hiring is done with Koch funds.

The Advisory Board is not only granted the broad veto power over Affiliated Programs or Positions stated above, but it is granted other specific instances of final authority over several other provisions. For example, the Advisory Board retains the explicit ability to discontinue instructors by withholding funds for their renewal:

annual renewal [of teaching specialist funding is] dependent upon satisfactory evaluation of the FSU Economics Department and the SPEFE-EEE Advisory Board that the individual is advancing the Objectives and Purposes set forth in Section 1(a)” (FSU 2008 and 2013 MOU, Section 4.d).

Thus, not only does the board have veto power over initial hires, but continued funding also requires their explicit approval.

At **Utah State University**, the 2008 MOU creates donor funded positions by “augmenting funding for five professors,” called “the Professors,” while allowing the Koch foundation to have veto power over those hires. The agreement first makes an assurance that “candidates for Professors will be subject to the same rigorous standards and procedures as are required for similar positions at USU as outlined in the USU Faculty Handbook” (Section 3.c.ii). Yet, on the same page, the MOU grants Koch active veto power

in the approval of candidates for hire:

CGK Foundation will not be obligated to pay any of the Funding Amount with respect to a candidate for a Professor position that has not been approved by CGK Foundation. In the event that USU and CKG Foundation fail to agree on a Candidate for a Professor position, CGK Foundation may in its sole discretion cease all obligations under this Agreement or any other agreement between the parties regarding such Professor position. For the avoidance of doubt, nothing herein will restrict USU'S ability to hire any individual. Rather, in order to receive or use any of the Funding Amount and for an individual to fill a Professor position, USU'S compliance with the terms of this Agreement is required, including CGK Foundation's approval of such individual. (USU 2008 MOU, Section 3.c.iv)

Granting veto power to a donor is contrary to the assurances of adhering to the "same rigorous standards and procedure" of other USU hires in Section 3.c.ii (quoted above).

At **West Virginia University**, the 2009 Memorandum of Understanding not only provides the Koch foundation oversight over the hiring process, it stipulated specific candidates for the tenure track "Donor Supported Professorship Positions."

(f) Selection Process for Donor Supported Faculty Positions. The selection of the Donor Supported Professorship Positions will be made in accordance with the following procedure:

(i) All searches for the Donor Supported Professorship Positions shall be conducted in accordance with the University's established procedure for selecting faculty.

(ii) Prior to the extension of any offer for the Donor Professorship Positions, the Dean of the College of Business and Economics, in consultation with Professor Russell Sobel or his successor, shall present the candidate's credentials to CGK Foundation.

In addition to direct involvement in screening candidates, the Koch foundation names a designee with veto power over hiring:

(iii) No funding for a Donor Supported Professorship Positions will be released without the approval of the Dean of the College of Business and Economics, in consultation with Professor Russell Sobel or his successor.

In addition to their compliance with the Objectives and Purposes 1.a, the contract stipulates that one of the hires work directly under Koch's designee, Dr. Russ Sobel:

One of the Donor Supported Professorship Positions shall be a tenure-track professor in the College of Business and Economics in the Department of Economics (sometimes referred to as the "College Professorship Position"). This professor will be part of the free markets studies program led by Professor Russell Sobel, holder of the James Clark Coffman Distinguished Chair

in Entrepreneurial Studies, or his successor as head of the free market studies program at the University, and will be responsible for, among other things, teaching undergraduate and graduate students and conducting independent and collaborative research to achieve the Objectives and Purposes set forth in Section 1(a). (WVU 2009 MOU, Section II.a)

The Koch foundation goes to to deny any involvement in selecting the candidates hires ahead of time:

The Parties acknowledge that CGK Foundation was not involved in selecting Young or Lacombe for the positions stated above. These decisions were made in accordance with established University procedures for selecting faculty. (WVU 2009 MOU, Section II.e)

and yet, they make their funding almost entirely conditional on these individuals being hired:

In the event that (a) the University does not offer Young or Lacombe the faculty positions; (b) Young or Lacombe do not accept the faculty positions; or (c) Young or Lacombe accept the positions but later cease to serve in the faculty positions, CGK Foundation may discontinue all applicable obligations hereunder, including the payment of any Contribution Amounts described in Section III. Thereafter, CGK Foundation may agree in its sole discretion to resume payment of any Contribution Amounts associated with the positions if the University presents a satisfactory replacement selected in accordance with Section II (f) immediately below who will achieve the Objective and Purposes set forth in Section 1(a).

At **Clemson University**, the 2009 Memorandum of Understanding provides the Koch foundation oversight over the hiring process “Donor Supported Faculty Positions.” In addition to influencing the university’s initial pool of candidates, Koch is granted direct involvement in screening candidates through a designee

Prior to the extension of any offer for the Donor Supported Professorship Positions, Dr. C. Bradley Thompson shall present the candidate's credentials to CGK Foundation. (Clemson 2009 MOU, Section II.c)

The Koch appointed designee is then given veto power over any funding released by the Koch foundation:

No funding for a Donor Supported Professorship Position will be provided by the CGK Foundation without the approval of Dr. C. Bradley Thompson and the Dean of the college of Business and Behavioral Science. (Clemson 2009 MOU, Section II.d)

# Donor Influence in Faculty and Student Scholarship

## Faculty Constrained to Donor Created Areas of Research

### Economic Freedom

Though there are several ways in which the Charles Koch Foundations Several agreements stipulate constraints on faculty activities, a couple explicitly dictate the direction of study as limited to the concept of “economic freedom.” This concept has been cultivated by researchers funded by the Charles Koch Foundation, at think tanks like the Fraser Institute in Canada and the Heritage Foundation, working in conjunction with professors in Florida State University like James Gwartney. See Charles Koch Institute’s Economic Freedom [website](#) and [Fraser Institute](#)’s 2013 Economic Freedom of the World report, supported by Charles Koch Foundation (p. 251), written by by James Gwartney Charles G. Koch Doctoral Scholarship recipient Alice M. Crisp (p.250).

At **Auburn University**, a proposed agreement with CKF constrained the direction of research. The Auburn Villager reported in [2008](#):

According to the memo, the center would "promote understanding of the concept and measurement of economic freedom, and the interaction of economic freedom, political freedom, individual liberty and economic growth and prosperity" through its "Economic Freedom Initiative." Key to that mission, the memo said, is "enhancing the research and teaching efforts around the Economic Freedom of the World Index."

At **Clemson University** an agreement with the Charles Koch Foundation specifies research constraints as early as the opening recitations of the [2009 MOU](#), indicating that the direction of research by Koch-funded professors would “support the research into the causes, measurements, impact, and appreciation of economic freedom” (Clemson 2009 MOU, recitations). The MOU describes the Clemson Institute for the Study of Capitalism (CISC) and how the “Donor Supported Faculty Positions”:

It is the Parties’ intention that the objectives and purposes of CISC will be further advanced by CGK Foundation’s provisioning of funds to recruit and hire positions (hereinafter referred to as the “Donor Supported Faculty Positions”) at CISC to help strengthen this foundation and extend efforts related to research, publication, dissemination, teaching, and continued academic and public use of the and support the research into the causes, measurements, impact, and appreciation of economic freedom. (Clemson 2009 MOU, Section 1.a)

At **Western Carolina University**, record requests reveal conversations between the BB&T faculty member, Dr. Edward Lopez, surrounding the creation of a the Center for the Study of Free Enterprise. After describing the degree to which faculty in the department are aligned with Koch’s free market ideology, and the extent to which they are involved in free market activities, Lopez describes the crossroads of the free market program at WCU:

Two developments in the Spring of 2015 have put WCU's Free Enterprise programs at a crossroads. [...] At issue with this position-and the reason it puts us at a crossroads-is an important difference between the preferences of administrators and the preferences of the free enterprise (Economics) faculty. ([Lopez 7/27/15](#), Section 2)

Incidentally, Lopez defines the “faculty’s preferences” as distinct from administrative preferences, and ideologically aligned with Koch’s economic freedom:

The faculty wants an academic thought leader who contributes to the University's mission through sound research in economic freedom and, equally importantly, who helps lead our Free Enterprise Educational Activities toward their fullest potential. ([Lopez 7/27/15](#), Section 2)

Lopez goes on to describe how “WCU would be poised to emerge as a powerhouse of student development and research in the areas of economic freedom and free market policy analysis.”

## Well-Being

Other agreements require the study of “well-being.” Most recently, Jane Mayer has reported on recordings leaked from inside Koch’s 2014 donor summit, describing how they would move to using “well-being” as a new frame for their promotion of free market ideology:

[A] speaker explained to the donors just how deliberate and politically disarming the term was. James Otteson, a conservative professor of political economy at Wake Forest University, called it “a game changer.” In fact, he told the donor group that he was planning to build a “well-being” center at Wake Forest, where he already was executive director of the BB&T Center for the Study of Capitalism. One anecdote, he said, illustrated “the power of framing” free-market theories as a movement to promote well-being. He recounted that a colleague, whom he described as a prominent “left wing political scientist” who “rails” against Republicans and capitalism, had been so entranced by the idea of studying the factors contributing to human well-being that he had said, “You know, I’d even be willing to take Koch money for that.” Upon hearing this, the donors laughed out loud. “Who can be against well-being? The framing is absolutely critical,” Otteson exclaimed. (Dark Money 2016, p. 363)

In an interview with USA Today, another instance in which he said that all he wanted was to “increase well-being in society,” Charles Koch bristled at the idea that he was motivated by an interest in boosting his bottom line. “We are doing all of this to make more money?” he asked. “I mean, that is so ludicrous.”

At **Utah State University**, the 2008 MOU creates donor funded positions by “augmenting funding for five professors,” called “the Professors.” These positions are required to comply with Koch’s Objectives and Purposes, specifically:



The purpose of the support for the Professors is to advance the understanding and practice of those free voluntary processes and principles that promote social progress, human well-being, individual freedom, opportunity and prosperity based on the rule of law, constitutional government, private property and the laws, regulations, organizations, institutions and social norms upon which they rely. These goals will be pursued by supplementing the academic talent currently at USU to create a strong program that will focus on building upon and expanding research and teaching efforts related to individual freedom, social progress and human well-being. The Parties seek to strengthen the foundation that exists at USU and extend efforts related to the research, publication, education, dissemination and academic and public appreciation of individual freedom, social progress and human well-being (Collectively, the “Objectives and Purposes”). (USU 2008 MOU, Section 1.a)

At **Clemson University** an agreement with the Charles Koch Foundation specifies research constraints as early as the opening recitations of the [2009 MOU](#), indicating that the direction of research by Koch-funded professors would “support the research into the causes, measurements, impact, and appreciation of economic freedom” (Clemson 2009 MOU, recitations). The MOU describes the Clemson Institute for the Study of Capitalism (CISC):

The University, within its College of Business and Behavioral Science, has established CISC. The primary objectives and purposes of CISC are to advance the understanding and practice of those free and voluntary processes and principles that promote social progress, human well-being, individual freedom, opportunity and prosperity based on the rule of law, constitutional government, private property and the laws, regulations, organizations, institutions and social norms upon which they rely. (Clemson 2009 MOU, Section 1.a)

The MOU requires specifically that:

University will make every reasonable effort to recruit and maintain faculty and individuals in the Donor Supported Faculty Positions outlined in this Agreement:

[...]

(iii) whose research promises to advance complement, inform and build upon University’s existing strengths in business, finance, economics, institutions, and property rights and CISC’s commitment to study the foundations of prosperity, social progress and human well-being. (Clemson 2009 MOU, Section 1.b)

At the **University of Louisville**, a [2015 MOU](#) creates a Center for Free Enterprise and allows for the creation of curriculum that is aligned with the Donor stipulated “Center’s Mission.” The direction of this mission is explicitly rooted in the study of “well-being”:

The Center will sponsor new courses in the College of Business (the "College"), lectures, reading groups, and other activities. Through Ph.D. fellowships, four new faculty members, and various academic programs, the Center will become a hub for scholarship on the role of enterprise and entrepreneurship in society and the ideas and institutions that lead to well-being. (UL 2015 MOU,

Preamble)

## Koch Requires the University to Permanently Fund Tenure Track Hires

At **Utah State University**, the 2008 MOU creates donor funded positions by “augmenting funding for five professors,” called “the Professors.” One of these hires is required to start as a fully tenured professor, and the other four start as tenure track.

(i) *Koch Professor*. One of the Professors will be a senior professor and known as the “Koch Professor.” The Koch Professor will begin with the rank: of full professor and will be fully tenured. The Funding Amount will augment USU’s funding for the Koch Professor.

(ii) *Faculty Junior Professors*. The four other Professors will begin, at a minimum, with the rank of assistant professor. These are tenure-track positions, and it is expected that these individuals will show promise of earning tenure at USU in the normal timeframe. The Funding Amount will augment USU’S funding for these other Professors. (USU 2008 MOU, Section 3.a)

The MOU requires that the university hire the Professors according to Koch’s Objectives and Purposes and that they pay the salaries and benefits for the Professor to carry out Koch’s directives. In addition, USU is obligated to continue supporting these faculty after the Koch MOU expires

When CGK Foundation’s funding obligations cease under this Agreement, whether by expiry of the 5-year period or as set forth elsewhere in the Agreement, USU agrees to continue the base funding for the salaries and benefits of the Professors, exclusive of the Funding Amount. (USU 2008 MOU, Section 2.c.ii)

At **West Virginia University**, the agreement with the Koch foundation requires the university to indefinitely support the hires after the agreement expires:

The University agrees to provide permanent funding for Donor Supported Professorship Positions upon receipt of six years of externally provided funding in support of such positions, including receipt of CGK Foundation grants provided herein. (WVU 2009 MOU, Section VI. E)

At **Clemson University**, the agreement with the Koch foundation requires the university to indefinitely support the hires after the agreement expires:

University agrees to assume continued funding for the tenure-track Donor Supported Faculty Position once CGK Foundation’s funding obligations under this Agreement expire, if the performance of the faculty members holding the tenure-track position has been rated “very good” or “excellent” each year (Clemson 2009 MOU, Section II.g)

## Donor Control of Curriculum

At Florida State University, the Dean of the Faculties wrote [a 2011 letter](#) to President Eric Barron in regarding the Charles Koch Foundation's agreement and the findings of the Faculty Senate's investigation.

There are several curricular issues mentioned in the Faculty Senate Ad Hoc Committee report related to the specific circumstances of the Koch gift, and many more could occur at any time under our current procedures for faculty review of courses, certificates, majors, and degrees. This results from the fact that once a gift agreement is settled by the donor, the Foundation, and the academic unit, that agreement becomes invisible in the faculty governance processes designed to make decisions regarding the shape of the curriculum. There is simply no information available to those committees to indicate that any request is tied to a donor's wishes.

## Donor Created Curriculum, Certificates, and Majors

At **Florida State University**, the Faculty Senate investigation revealed that

Since the MOU was signed in the summer of 2008, the department has created and now offers a new undergraduate certificate program, the "Certificate in Markets and Institutions." Although the new "Market Ethics: course prescribed by the Donor Partner agreement is not required of the Economics majors generally, the course is a requirement for the new Certificate program. The concern expressed to the committee is that this Certificate program was not vetted in proposed form by a department-wide mechanism, but there is disagreement on this point. There is an Undergraduate Committee in the department bylaws: "The Undergraduate Committee has overall responsibility for the Department's undergraduate program. This committee must review all academic policy changes affecting the undergraduate program prior to their final consideration by the Executive Committee or the Department faculty as a whole" (G.1). [...] We conclude that the process of establishing the new Certificate must have fallen short of a usefully functioning standard of transparency and openness. ([pg 13](#))

At the **University of Louisville**, a [2015 MOU](#) creates a Center for Free Enterprise and allows for the creation of curriculum that is aligned with the Donor stipulated "Center's Mission":

The Center will sponsor new courses in the College of Business (the "College"), lectures, reading groups, and other activities. Through Ph.D. fellowships, four new faculty members, and various academic programs, the Center will become a hub for scholarship on the role of enterprise and entrepreneurship in society and the ideas and institutions that lead to well-being. (UL 2015 MOU, Preamble)

At the **University of Kansas**, a records request revealed that the Fred and Mary Koch Foundation (one of several Koch family foundations controlled by Charles Koch) provided funding in 2009 to support the creation of a “Capitalism course”

The 2009 grant of \$100,000, dedicated to payroll, allowed the Center to continue the work made possible by the 2008 grant—as well as inaugurate a Capitalism course in the KU School of Business for honor students university-wide. (KU records request, pg 3)

At **Florida Gulf Coast University**, the activities of the BB&T Distinguished Professorship of Free Enterprise Economics, Dr. Bradley Hobbs, are stipulated by donor partnership between BB&T and the Charles Koch Foundation. According to Hobbs’ [2009](#) report:

The Charles G. Koch Charitable Foundation has provided operational seed funding in the first two years of activity. [...] The primary mission of this Professorship is one of advocacy: To encourage the study of the contributions that free enterprise and individual freedom and responsibility provide for human flourishing through teaching, research, and service involving students, the university, and the broader community.

The [2009](#) report describes that specific stipulations require that a “primary duty of the position is to regularly teach a course titled [The Moral Foundations of Capitalism](#). [...] all students read Atlas Shrugged by Ayn Rand. This course was used as the basis for an economics major that was created the same year the professorship was first instantiated, as well as affecting Finance major:

The professorship will also play a significant role in the development of the major: all economics majors take The Moral Foundations of Capitalism as their capstone course.  
[...]

All economics and finance majors receive a copy of Atlas Shrugged in Intermediate Price Theory (a required course for both majors). [...] Professor Hobbs is the professor for this course on campus and is able to explain to students the reasons for reading the book and also to interest students in the Moral Foundations of Capitalism course.

## Donor Interest In Introductory Courses

At **Florida State University**, the Faculty Senate investigation revealed that Koch successfully negotiated for their instructors to teach the “service courses,” which are the very large introductory level courses:

Koch funded non-tenure track faculty have been assigned to teach the service courses in Economics. Criticism of this administrative move asserts that faculty oversight of these positions and content no longer rests with the Economics department at large, but with the SPEFE Program. These courses teach approximately 7000 FSU students/yr. Further criticism concerns

implementation of issues related to the Koch agreement and that a free market firewall was established in the department with issues like content of service courses behind this firewall that did not allow for usual faculty input or governance process. (Standley report, 3.i)

At the **University of Louisville**, a [2015 MOU](#) creates a Center for Free Enterprise. This agreement not only allows for the creation of curriculum aligned with the Donor stipulated “Mission,” but it explicitly mentions the involvement in “introductory” courses:

The Center faculty will develop and teach courses related to the Center's Mission. These courses could be at the graduate or undergraduate level. Some of the Center faculty members' work could consist of teaching introductory classes in their discipline and working with student organizations in that discipline. (UL 2015 MOU, Attachment A, “Faculty” Section)

## Donor Influence on Student Clubs

### Contractually Required Donor Controlled Student Groups

At **Florida State University**, the FSU Faculty Senate revealed that part of CKF’s agreement required the creation of a student club:

The “Economics Club” conceived by the Koch agreement is not representative of the diversity of departmental curricular offerings. There were repeated reports that it promotes dogma rather than academic inquiry. Scholarships of \$200/semester are given for reading books on a list developed by the Koch funded program, not the Economics faculty as a whole. The club website now shows legislative initiatives, an activity specifically prohibited by the Koch Memorandum of Understanding. (Standley report, 1.g)

Furthermore, the FSU faculty investigation recommended that the Economics Club be discontinued or restructured

2. The Economics Club as constituted is in danger of promoting dogma vs. stimulating economic inquiry. There are 3 alternatives: terminate the “Economics” Club, retain the club in its present format but label it appropriately, i.e. “Free Market Economics Interest Group,” or keep the Economics club but ensure that it is representative of all types of Economic principles. If it continues to exist in any format, faculty should be charged to:

- a. ensure that Economics students are taught academic discourse (formal rules of debate or deliberate, nonjudgmental voicing of pro and con opinions of issues under discussion)
- b. ensure that all reading lists for scholarship money are determined by the entire departmental faculty without undue, outside influence (Standley, Recommendation 2)

At **Florida Gulf Coast University**, the activities of the BB&T Distinguished Professorship of Free Enterprise Economics, Dr. Bradley Hobbs, are stipulated by donor partnership between BB&T and the Charles Koch Foundation. According to Hobbs' [2009](#) report that "With the encouragement of our faculty, FGCU students started a local chapter of Students For Liberty (SFL) which they named Eagles For Liberty."

## Paid Reading Groups

At **Troy University**, the Manuel Johnson Center for Political Economy was founded in a donor partnership with the Charles Koch Foundation. A student activity, now called the "[Liberty, Markets, and the Great Books](#)" Reading Group, pays students \$1000 to participate. The program initially bragged about its diversity, in that it [included Marx](#). And yet, it is [not currently listed](#) as part of the curriculum.

At **Utah State University**, the reading group is called the [Koch Scholar Program](#). The group meets:

meet on a weekly basis to discuss an assortment of select books, movies and podcasts. Students apply for the opportunity to become "Koch Scholars" and, if accepted, are given a \$1,000 stipend. The program is guided by USU faculty members Dr. Chris Fawson, Dr. Randy Simmons and Dr. William Shughart of the Jon M. Huntsman School of Business.

These professors oversee the Koch funded Institute of Political Economy.

At **Michigan State University**, a program inside of James Madison College offers known as the [Koch Scholars](#) meets:

weekly on Monday evenings during both the fall and spring semesters to discuss selections from at least a dozen important books on our topic. The agenda of these discussions is to engage critically the ideas in the books. Each Koch Scholar will receive a stipend and all texts. A light meal will be served each week, prior to the discussion.

## Donor Influence Over Student Fellowships

At **Florida State University**, the Faculty Senate investigation expressed an initial concern about the system of graduate fellowships:

The Koch fellowships for graduate students may have targeted a specific type of graduate student that is not representative of the diversity of the Economics department and determination of awards have not been implemented with input from the Graduate Admissions Committee. ([pg 4](#))

## Fellows Must Comply with Terms of Donor Agreement

At **Florida State University**, recent evidence has shown that not only is this the case, but that these fellowships are subject to the exact same compliance requirements (CKF's Objectives and Purposes) that bind all the other "Affiliated Programs and Positions" in the MOU. It is clearly stated in the [department's description](#) of the fellowships that they most certainly are subject to the exact conditions specified in the MOU:

The BB&T and CKF fellowships are part of a larger grant-supported set of programs: the program for the Study of Political Economy and Free Enterprise (SPEFE) and the program for Excellence in Economic Education (EEE). Their purposes and objectives are "*to advance the understanding and practice of those free voluntary processes and principles that promote social progress, human well-being, individual freedom, opportunity and prosperity based on the rule of law, constitutional government, private property and the laws, regulations, organizations, institutions and social norms upon which they rely.*" Therefore, these fellowships are to support students who wish to pursue a course of study that combines rigorous technical economic training in the core areas of applied economic theory and applied econometrics with a focus on the political economy of contemporary economic issues, and particularly, on the roles and impacts of institutions on market processes and economic well-being. Additional sources of fellowship funding associated with these programs may be secured over time. (emphasis ours)

The italicized portion is an exact quote of CKF's Objectives and Purposes 1(a) as it appears in the MOU with FSU, and this appears to be directly quoting from that document.

### Fellows Screened by Koch Affiliated Faculty

At **Florida State University**, students applying for Koch funded fellowships are screened by a secondary "screening committee" comprised solely of Koch supported faculty, whose scholarly actions are beholden to Koch's Objectives and Purposes 1.a.

After the Graduate Committee decides on admission and eligibility for funding, the Graduate Director will forward the application files for Fellowship candidates to the Principal Investigator (PI) on the CKF and BB&T grants, currently Bruce Benson. **These files will include those applicants who have been chosen for admission with funding and who: (a) indicate in the application that they want to be considered for the fellowships, (b) are recommended for fellowship consideration in a letter of recommendation, or (c) appear to have goals or interests that are consistent with the purpose and objective of the SPEFE-EEE programs quoted above.** The PI will then distribute the files or relevant information from the files to the rest of the SPEFE Fellowship Committee. This committee will review the files and choose the applicants who are to be awarded the fellowships.

This screening committee determines whether the student is likely to comply with CKF objectives and purposes. Records requests reveal [emails](#) where these students are referred to internally as "Koch-types." An internal 2014 Graduate Policy Committee [report](#) on the Department of Economics revealed significant details about how these Koch-types cultivated. Not only is the compliance of Koch-type fellows monitored, but the window of compliance is narrow enough that "students on Koch funding are also instructed that should their interest ever change, they will be switched to a department teaching assistantship" (GPC, [pg 8](#)). This is quite a severe consequence, resulting in a 50% pay cut and a doubled

workload.

## Koch Stipulations Applied to Non-Koch Fellowships [FSU]

At **Florida State University**, student research has uncovered that these donor controlled selection procedures are being extended to fellowships that are not subject to the agreement. [Internal emails](#) reveal the discussion, with Bruce Benson (Principal Investigator of FSU Koch agreement) asking the Department Chair and the Dean about offering a non-Koch fellowship to a “Koch-type” student. (note to the reader: in the following text, a “top up” refers to a smaller fellowship awarded in addition to department funding, that raising the pay near or to the level of the Koch fellows). Bruce Benson asks clearly:

I want to ask about the Manley Johnson money. In particular, both students who got the \$4000 top ups are in their 4th year (one, [redacted] , is graduating this semester), so we could offer one of these fellowships to a 2015 entrant (recall that the flow of funds should cover one, and that we gave two before because we had enough spendable funds built up to pay for it). Should we? If the answer is yes, then should it go to a "Koch-type" student or to some other student?

In [another exchange](#), Benson clearly states that this would serve to please the donor:

I just got an e-mail from [CKF director of university relations] John Hardin indicating that he needs our fellowship funding request by next week. If we are going to offer a Manley Johnson fellowship (top up) to a Koch-type student saying so in the proposal will be helpful. If we are not going to offer the fellowship or we are going to make it a non-Koch-related fellowship it would be better not to mention it. What are your plans for these funds?

Ultimately, the Dean [responds](#), clarifying that “the gift is for a graduate student but we might want to have a modest preference for free market type.” The department chair finally suggests that the split the fellowships between Koch and non-Koch types:

The issue that arose in the Department last time was that the corpus of this fund includes not only contributions from the Johnsons but also contributions from Department faculty and alumni, not all of who would find themselves aligned with the mission of [Koch’s] SPEFE/M & I. I propose that we deal with this issue by having the M&I group (i.e. Bruce's committee) choose one of the Johnson top-up candidates and the Graduate Committee and Chair choose the other Johnson top-up candidate. I checked with Jesse Colvin as to whether he thought this would satisfy donor intent and he was fine with it. Please let me know if this is OK with all of you because Bruce needs to convey this information in his grant proposal which has a deadline of next week.

## Departmental Harms of Fellowships

At **Florida State University**, an internal Graduate Policy Committee report found that “students on Koch funding are also instructed that should their interest ever change, they will be switched to a department teaching assistantship” (GPC, [pg 8](#)).



It must be understood that this is quite a severe consequence, resulting in a 50% pay cut and a doubled workload. Koch fellows work a maximum of 10 hours a week, under a Koch affiliated professor, generally making to \$25,000 a year. Non-Koch fellows make approximately \$17,000 a semester, and work at least 20 hours. To be clear, being identified as a “Koch-type” lets you work 50% less, and make 50% more.

In the Graduate Policy Committee report, they identify a problem with the “significant disparity between the stipends and duties of department teaching assistants and those on doctoral fellowships.” The committee’s finding was that the ideological requirements on the larger stipends ultimately prevented “first-choice” students who were not ready to comply:

The lower stipend on department teaching assistantships made it harder to recruit first-choice candidates with undecided interests, or interests in fields like macroeconomics or industrial organization, which are not the primary focus of the largest research groups. ([GPC report](#), pg 8)

The Graduate Policy Committee that issued the report on the Koch-type fellowships was tasked with recommending whether to continue the graduate economics program as it currently stands. An FSU official describes in [an email](#) that the committee’s approval was a “close vote,” recommending “that the dept. put more information about funding sources (e.g., Koch bros) on public website to defuse criticisms,” and “a broader mix of funding.”

- Only sticking point is the recommendation that the dept. put more information about funding sources (e.g., Koch bros) on public website to defuse criticisms. Will send the GPC report. **Close vote, but passed.**
- Also recommended a broader mix of funding.
- Faculty Senate Steering Committee has raised issues about the streamlined TA guidelines, especially Nancy's approving if programs that don't send TAs to PIE.

The last concern regards TA guidelines being “streamlined,” where teaching assistants are not being required to attend FSU’s Program for Instructional Excellence (PIE), which most graduate teaching assistants are required to complete, designed to “provide graduate students with teaching policy training requirements as stated in the [University-wide TA Standards](#).”

## Koch Controls Number of Fellowships Each Year

At **Florida State University**, an [internal university report](#) on the Department of Economics reveals that the Charles Koch foundation controls how many new fellows they fund every year, as reported in an internal document, “

Each year the Koch Foundation decides how many fellowships it wishes to provide to the department. This “number” is the only input of the Koch Foundation, and is determined before the admissions process starts.

In this way, the Koch foundation is able to control the growth of the program. According to an [internal budget document](#), between 2009 and 2015, the Koch foundation's support for graduate fellowships has grown from \$21,500 to \$436,414. The 2009 funding would have supported a single full fellowship, whereas a 2015 [grant letter](#) proposed support for 21 fellows with Koch, BB&T, and Manley Johnson Fellowships for Fall 2015.

## Mandated Access to Student Information [COC, WCU, Clemson]

At the **College of Charleston**, a 2008 agreement with the Charles Koch Foundation and BB&T created the Initiative for Public Choice and Market Process, which became the Center for Public Choice and Market Process in 2015. A 2010 email from the Koch foundation describes the two primary "reporting requirements." The first of two being personal student contact information from a wide range of students:

Please submit names and permanent e-mail addresses (preferably not ending in ".edu") if your program includes any activities that have a roster of students (a class, reading group, club, fellowships, etc). if possible, we would appreciate this information no later than September 20, 2010 for fall participants and no later than February 25, 2011 for spring participants. Contact information will be used to notify students of opportunities through both the Koch Foundation and the Institute for Humane Studies.

[...]

As you know, our goal is to support your work educating and identifying student who are interested in the ideas of a free society in order to encourage them to pursue related continuing education and /or career opportunities.

[...]

Given our goals, this section of the report of will factor substantially into our evaluation of future funding requests. We recommend updating a list of interested student you have encountered throughout the academic year in order to avoid omitting important information in your final report. (CoC records request, [pg 22-23](#))

At **Clemson University**, the "Performance Obligations" in the 2009 MOU require a seemingly limited amount of student information be reported to the Koch Foundation, but with the open guarantee giving Koch anything else it "may reasonably request":

On or before the conclusion of each academic year, University shall provide CGK Foundation with a summary principal activities and accomplishments of the Donor Supported Faculty Positions during the academic year, including information on publications, presentations, courses taught, students supervised, and outreach activities, and such other information as CGK Foundation may reasonably request. The report will also include information about how those activities have advanced the Objectives and Purposes set forth in Section 1(a) above, and about plans for the subsequent academic year. (Clemson 2009 MOU, Section III.c)

# Explicitly Violated University Policies

## Violations of Academic Freedom and Faculty Governance

The tenets of Academic Freedom and Faculty governance are linked inextricably, as the protection of free inquiry is carried out through the maintenance of faculty autonomy in governance. Yet, we see these principles rampantly violated by the Koch foundation agreement in the donor imposed constraints on free inquiry and academic programming. Sections [----] are examples of egregious oversteps

At **Florida State University**, Dr. Jennifer Buchanan, in a Oct 2011 letter to President Barron, wrote:

There are several curricular issues mentioned in the Faculty Senate Ad Hoc Committee report related to the specific circumstances of the Koch gift, and many more could occur at any time under our current procedures for faculty review of courses, certificates, majors, and degrees. This results from the fact that once a gift agreement is settled by the donor, the Foundation, and the academic unit, that agreement becomes invisible in the faculty governance processes designed to make decisions regarding the shape of the curriculum.

We have assembled our own observations with those of the Standley report, which is to date the most comprehensive account of violations of academic policy.

1. The primary finding in the original findings of the Faculty Senate were that:

Faculty specifically requested a vote on accepting the Koch agreement and this was rejected by the Dean who told us he did this because he did not intend to take their input. The Faculty Senate Constitution and generally accepted discourse on academic freedom place curricular issues under the province of faculty. The Dean erred in not allowing established faculty governance process to function.

The report's second finding clarified:

The committee determined that the Koch Memorandum of Understanding as currently written allows undue, outside influence over FSU's academic content and processes, a codified "danger that the doctrine of academic freedom is designed to avoid"

2. In a 2007 department memo, Benson described CKF's plan for "Constrained hiring", saying

these organizations have an explicit agenda. They want to expose students to what they believe are vital concepts about the benefits of the market and the dangers of government failure, and they want to support and mentor students who share their views. Therefore, they are trying to convince us to hire faculty who will provide that exposure and mentoring. If we are not willing to hire such faculty, they are not willing to fund us. There clearly is a danger in this, of course ([pg 3](#))

3. The final faculty senate report expressed “concern” at the Koch Foundation’s intent to “design and propose an Undergraduate Program [...] consistent with the Objectives and Purposes set forth in Section 1(a)” ([pg 7](#)). Though omitted from the final draft, the original faculty senate findings explicitly cite the violation of departmental governance, noting:

“Koch funded non-tenure track faculty have been assigned to teach the service courses in Economics. Criticism of this administrative move asserts that faculty oversight of these positions and content no longer rests with the Economics department at large, but with the SPEFE Program. These courses teach approximately 7000 FSU students/yr. Further criticism concerns implementation of issues related to the Koch agreement and that a free market firewall was established in the department with issues like content of service courses behind this firewall that did not allow for usual faculty input or governance process” ([pg 4](#)).”

The Undergraduate Program eventually created a “Markets and Institutions” Certificate Program using a process that the Faculty Senate Ad Hoc Committee described as having “fallen short of a usefully functioning standard of transparency and openness” ([pg 13](#)), and as documented in the original faculty findings, it was implemented “without faculty input” ([pg 5](#)).

4. CKF was granted involvement in faculty evaluations:

Individuals holding the Professorship Positions will [...] have included in the services component of their annual review by the FSU Department of Economics an evaluation of their performance at advancing the objectives of this Memorandum” 3.e.(iv), [2008 MOU](#)

Not only was it was recognized by the faculty senate reports that this was a gross violation of governance, but that it likely violated the faculty’s collective bargaining agreement. All accounts suggest that, despite being granted in the agreement, this was not implemented in the department.

5. The original findings of the faculty senate described several problems with extra-curricular donor influence and the lack of department control:

The “Economics Club” conceived by the Koch agreement is not representative of the diversity of departmental curricular offerings. There were repeated reports that it promotes dogma rather than academic inquiry. Scholarships of \$200/semester are given for reading books on a list developed by the Koch funded program, not the Economics faculty as a whole. The club website now shows legislative initiatives, an activity specifically prohibited by the Koch Memorandum of Understanding ([pg 4](#))

6. The system of graduate fellowships is described in the original faculty findings, and is completely absent from the final report. It describes the graduate fellowships in the economics department :

The Koch fellowships for graduate students may have targeted a specific type of graduate student that is not representative of the diversity of the Economics department and determination of awards have not been implemented with input from the Graduate Admissions Committee. ([pg 4](#))

## Violations of Donor Policy

At **Florida State University**, despite the fact that FSU's policy governing donor agreements directly impacts the ability of donors to violate academic policy, this policy has never been considered as a source document during any Faculty Senate consideration of Koch agreement. FSU Progress Coalition published a report in the spring of 2015 while the University was revising donor policy behind closed doors. The FSView reported in June:

Dr. Matthew Lata, a professor at the College of Music and president of the FSU chapter of the United Faculty of Florida, said he was also caught off-guard by the Foundation's policy review. Lata says he has grown increasingly concerned as most of the faculty and student body were not informed of the process.

"We're worried about the changes being made because they give administrators greater leeway to define conditions under which contributions are made," Lata said. "We're concerned that changes are being proposed to the gift policy that could affect academic freedom." ([FSView](#))

## CKF Maintains Explicit Control Over Funds after giving

At **Florida State University**, a student group's investigation reveal what appear to be extensive violations of FSU donor policy. Section 1.1.7. of FSU gift acceptance policy reads "A donor may not retain any explicit or implicit control over the use of a gift after acceptance by the institution." ([FSU Gift 2013](#), pg 4)

1. All aspects of the programs (curriculum, tenure/non-tenure track faculty hiring, undergraduate curricular and extracurricular programming, etc.) at FSU are obliged to comply at all times with the Koch Foundation's Objectives and Purposes 1(a) in the [2008 MOU](#)
2. An entirely Koch appointed advisory committee, whose decision rule is a unanimous vote (7.(b)), is charged with "Ensuring compliance with the terms of this Memorandum through appropriate administrative or legal channels" 7.a.(iv) [2008 MOU](#). This structure remains despite the recommendation of its restructure or removal by both faculty and administration.
3. FSU President Eric Barron in 2011 [acknowledges](#) that "*the agreement did provide the opportunity for outside influence.*"

## Donor Maintained the Freedom to Withdraw/Withhold Funding at Anytime Under Broad Circumstances

### At **Florida State University**

1. Veto power over instructor hiring with Koch funds; "No funding for a Professorship Position or any other Affiliated Program or Position will be released without the review and approval of the SPEFE-EEE Advisory Board." 3.d.(iii), [2008 MOU](#)

2. Influence after hiring; “annual renewal [of teaching specialist funding] dependent upon satisfactory evaluation of the FSU Economics Department and the SPEFE-EEE Advisory Board that the individual is advancing the Objectives and Purposes set forth in Section 1(a)” 4.(d), [2008 MOU](#)
3. The ability to withdraw funding for noncompliance at any point with 15 days notice; “Such termination shall be deemed effective upon the expiration of said fifteen (15) days from the date notice was provided by Donor to Donee and University, if Donee and/or University have not therefore corrected the events of default or performed the acts described in the notice.” 2008 MOU [Attachment C](#), section V.(H)
4. Koch Graduate Fellows [are approved](#) through a committee comprised solely of SPEFE/EEE faculty, who determine whether the student will comply with the Objectives and Purposes, though “should their interests ever change”, their fellowship is withdrawn, and they revert to department support; a 50% pay cut and a doubled workload (from 10 hrs/week on Koch Fellowship to 20 hrs/week or more on department support). These faculty are beholden to CKF’s Purposes and Objectives in their selection of fellowship students, as the [BB&T and CKF fellowships](#) are explicitly “part of a larger grant-supported set of programs: the program for the Study of Political Economy and Free Enterprise (SPEFE) and the program for Excellence in Economic Education (EEE),” and as such, are under the purview of the Koch Advisory Committee.

At **Clemson University** and **West Virginia University**, the Charles Koch Foundation retains the ability to withdraw funding at any time. As spelled out in the 2009 MOU:

I. The Parties agree and acknowledge that the funding commitment made by CGK Foundation under this Agreement is subject to the satisfaction of the terms and conditions set forth in this Agreement and that a breach by University of any commitment, agreement, obligation, covenant, representation or warranty, made or required under this Agreement shall give CGK Foundation the ability to terminate this Agreement. Such termination shall be deemed effective upon the expiration of said fifteen (15) days from the date notice was provided by CGK Foundation to University, if the University has not therefore corrected the events of default or performed the acts described in the notice. During the pendency of this 15 day period, CGK Foundation will not be obligated to contribute any funds pursuant to this Agreement and University will suspend any further payments pending the corrective action by the University. In the event of termination of this Agreement, notwithstanding any contrary provision herein, CGK Foundation shall have the right to require that all Contributed Amounts be returned to CGK Foundation. (Clemson 2009 MOU, Section VI.I, pg 6)

## Conditional Pledges

At **Florida State University**, Section 1.1.7. of the University’s Gift Acceptance policy reads:

[...] Conditional pledges are those that place requirements on the university to perform some task or take some action that it might not otherwise initiate. [...] The university discourages the acceptance of conditional pledges. ([FSU Gift 2013](#), pg 4)

We find the following clear violations:

1. In Attachment C of the 2008 MOU, the entirety of the CKF agreement is seen to exemplify the description of a “conditional pledge. The parties agreed on it as a matter of fact:

The Parties agree and acknowledge that, if not for the Donor’s contributions to be made pursuant to this Agreement, FSU would not otherwise undertake to hire individuals to hold such Professorship Positions set forth in this Agreement and the MOU nor implement the programs mentioned in both documents. ([Attachment C](#), Section V.H, pg 7)

2. This is contrary to the university’s claim that CKF’s intentions were to support the mission or goal of the university:

Two programs – the Study of Political Economy and Free Enterprise (SPEFE) and Excellence in Economic Education (EEE) – support the department’s overarching goal by developing innovative ideas and original analysis that advance economic understanding among students and society as a whole. These programs have been strengthened with the support from CKF. ([FSU 2014 Q&A](#))

3. Another clear instance of explicit conditional giving from CKF is found in the admission of former Economics Chair Dr. Bruce Benson in a 2007 memo to the department:

I also told Koch representatives that I did not intend to stay on as Chair after the current three year term. However, Koch has indicated that they would not be willing to commit the proposed level of funding if I do not continue to serve as chair until the proposal is implemented. They are willing to help induce me to do so...(pg 2)

Dr. Benson was indeed induced by a \$105,000 bonus. This was later deemed a “clear conflict of interest” by President Eric Barron, and Benson was forced to step down as chair, and yet in spite of this, he remains the Principal Investigator of the CKF agreement with FSU.

4. In a very specific instance, we see administrators and faculty specifically obscuring the purpose of Koch grant funds in order to allow the grant to go through the FSU Foundation. Dr. Bruce Benson was awarded \$38,000 to write a book over the summer of 2015 [[BruceBenson grant request letter to Koch Fou](#)]. Administrators urge Benson to omit any mention of “output or deliverables whatsoever” regarding this grant [[Re\\_ResearchGrant](#)].

At **West Virginia University**, the 2009 Memorandum of Understanding though the Koch foundation denies any involvement in selecting the candidates hires ahead of time:

The Parties acknowledge that CGK Foundation was not involved in selecting Young or Lacombe for the positions stated above. These decisions were made in accordance with established University procedures for selecting faculty. (WVU 2009 MOU, Section II.e)

they make their funding almost entirely conditional on these individuals being hired:

In the event that (a) the University does not offer Young or Lacombe the faculty positions; (b) Young or Lacombe do not accept the faculty positions; or (c) Young or Lacombe accept the



positions but later cease to serve in the faculty positions, CGK Foundation may discontinue all applicable obligations hereunder, including the payment of any Contribution Amounts described in Section III. Thereafter, CGK Foundation may agree in its sole discretion to resume payment of any Contribution Amounts associated with the positions if the University presents a satisfactory replacement selected in accordance with Section II (f) immediately below who will achieve the Objective and Purposes set forth in Section 1(a).

## Violations Of University Search Procedures

At **Auburn University**, an investigation by House Representative Craig Ford in 2007 revealed that the hires made by the Koch foundation programming involved a number of “irregularities”

"...it has been brought to my attention, by persons both inside and outside the university, that there may have been a number of administrative 'irregularities' in both the creation of the center, the design of the center's administrative structure, the funding of the center, and in the hiring of its director," Ford wrote in his May letter to Gogue.

One irregularity was the near absence of a job announcement, as reported by the Auburn Villager:

When they learned of the center, some faculty members asked if a national search had taken place and started looking for the job announcement. The job was not advertised on the AU Web site or on any of the recognized venues where economics faculty are usually recruited, they say”.

One professor said he finally found the job advertised only once on a Web site called Social Science Research Network. The advertisement was posted Nov. 4, 2007, with enquiries to go to [Dean] Jahera. Review of applications was to take place Dec. 1, 2007. On Nov. 9, however, [Robert] Lawson was already going to be on campus to give a seminar, according to an e-mail to a College of Business faculty member on Nov. 5, one day after the job was advertised.

In light of this, it does not seem likely or possible that there was a search committee mandated by Auburn’s own policies:

According to a faculty recruitment checklist posted online by AU's Office of Affirmative Action and Equal Employment Opportunity, a search committee is mandatory. The search committee reviews the advertisement and sets a timetable to review applications. The search committee then screens applications on the basis of advertised criteria, requests letters of reference and prepares a short list of candidates to be interviewed. Then candidates are interviewed and a candidate is selected. [[Auburn Villager](#), Sept 2008]



# Overt Intentions Of The Freedom Partners Chamber Of Commerce

## Statements From Donor Summit Materials And Recordings

Recent reporting has revealed substantial details regarding the explicit intentions of Charles Koch's secretive donor network known as the Freedom Partners Chamber of Commerce. Leaked documents and recordings have allowed the public a glimpse of the Freedom Partners' strategy in their own words. A few select examples will be provided here for context, with a more thorough background of the group left to a later section.

A program from Koch's [2010](#) summit in Aspen Colorado:

This action-oriented program brings together top experts and leaders to discuss - and offer solutions to counter- the most critical threats to our free society. Recent sessions have focused on addressing rapid government growth, countering climate change alarmism and the move toward socialized healthcare, developing strategies to advance liberty on college campuses, strengthening our state-based capabilities, and promoting judicial reform.

Perhaps the most clear expression of the intention of the summits and Freedom Partners Chamber of Commerce appears a session called "Winning the Fight between Free Enterprise and Big Government" presented by the President of the American Enterprise Institute, Arthur Brooks:

America was built on the free enterprise system. That's how America became a prosperous nation with abounding opportunities for all. Now, freedom is under a relentless attack. What happens if it slips away? Arthur Brooks will share with us how **free enterprise is more than an economic system- it is a moral imperative, and we must defend it at all costs.**"

## Talent Pipeline

The Charles Koch and the Freedom Partners describe their philanthropy quite differently behind closed doors. [Leaked recordings](#) from a 2014 Freedom Partners Summit show Koch officials describing the overly political intentions of their "philanthropy," and how they are integrating their university programming into their political network of think tanks and electoral work. Vice President of the Charles Koch Foundation, Kevin Gentry, brags:

So you can see that higher education is not just limited to impact on higher education. Students who aren't interested in becoming professors, but are interested in what we're -- got to be careful how I say this -- more broadly, are very interested and then they, they populate our, our program

these think tanks, and grassroots. And as we pointed out, that group of students taught in these centers, that we've been able to produce two million or so grassroots.

[...]

The network is fully integrated, so it's not just work at the universities with the students, but it's also building state-based capabilities and election capabilities and integrating this talent pipeline. So you can see how this is useful to each other over time. No one else, and no one else has this infrastructure. We're very excited about doing it.

At **Western Carolina University**, record requests reveal conversations between the BB&T faculty member, Dr. Edward Lopez, surrounding the creation of a Center for the Study of Free Enterprise. These conversations appear to overtly offer to create several hires faculty Charles Koch Foundation that exactly satisfy the Koch foundation's interest in building a "talent pipeline"

In the past 3-5 years, our Free Enterprise Educational Activities programs have established high visibility on campus and a strong reputation among students. These programs are jointly administered/funded by the BB&T professorship and annual gifts from the Foundation, A pipeline of student development has been the result, and we have helped a number of quality students move onto careers in ideas (for details, please see our 2014-15 grant report). For a number of reasons that can be discussed, there is much potential for more growth of this pipeline. ([Lopez 7/27/15](#), Section 1.C)

## Leverage

A phrase found repeatedly used at Koch's secret donor summits is "leverage." The above quotes from 2014, Kevin Gentry were from a session called "Leverage Science and Universities."

The leaked [2010](#) program describes Koch's higher education objectives for the summit:

Higher Education: At a time when we face so many immediate threats, how do we also maintain focus on longer-term investments in higher education? What leveraged opportunities exist on campuses now that make a real difference in advancing liberty.

[...]

Opportunities in Higher Education: For long term success, we must develop future leaders committed to the principles of a free society. Can we have a major impact in higher education over the next ten years? Where are the most leveraged opportunities for investment? (Russ Roberts, Mercatus Center, Kristen Short and Ryan Stowers, Charles Koch Foundation)

The "Goals & Missions" of the summits are described:

These meetings provide an opportunity to discuss these threats and the appropriate strategies to counter them. To that end, we focus on four main objectives:

Attracting principled leaders and investors who will effectively defend our free society

Sharing best practices and opportunities to defend our free enterprise system from destructive public policies

Building principled, effective institutions that identify, educate, and mobilize citizens in pursuit of a free and prosperous society

Fashioning the message and building the education channels to reestablish widespread belief in the benefits of the principles of a free and prosperous society

## Bypassing Faculty Dissent

At **Florida State University**, a Faculty Senate investigation found that, despite “extreme dissent” from faculty in the Department of Economics, the agreement with the Koch foundation was forced through “threats” and “intimidation” of the faculty:

The committee found that there was extreme dissent among faculty on this issue at its inception which continues to this time some 3 years later. Dissenting faculty reported an atmosphere of intimidation and administrative dictate by the Dean for a “done deal” that prevented faculty input on academic integrity or curricular issues. During the discussions on development of the Koch proposal, no formal process for considering these opinions was allowed. Faculty specifically requested a vote on accepting the Koch agreement and this was rejected by the Dean who told us he did this because he did not intend to take their input. The Faculty Senate Constitution and generally accepted discourse on academic freedom place curricular issues under the province of faculty. The Dean erred in not allowing established faculty governance process to function. It should be noted that each department within the university establishes its own by-laws for faculty governance. Traditionally, the Economics department has elected an Executive Committee and left all issues of curricular development, faculty hiring, and departmental development to this group. This trusting, governance at a distance process functioned well when issues were within established, traditional bounds, but was inadequate to handle the intense controversy of the Koch issue. Attempts to move into a more active governance mode by the faculty on the Koch issue were stifled by the Dean and by the Department Chair who regularly emailed interpretations of the Dean’s wishes.

It was repeatedly stated by faculty that an atmosphere of intimidation was thus generated. It was reported that the Dean made threats about future teaching assignments if Koch money was not available, that dissent with the Koch agreement was viewed as faculty disloyalty by the department chair, and that memos from the department chair were argumentative and angry. Many faculty were loathe to speak to the Koch issue in this atmosphere, particularly the untenured ones. (2011 Standley report, Finding 2)

At **Western Carolina University**, the agreement to accept \$2 million from the Charles Koch Foundation to create the Center for the Study of Free Enterprise was made despite overwhelming faculty dissent. The Smoky Mountain News reported:

Western Carolina University leaders bucked concerns of faculty when they voted last week to create a free enterprise center funded with outside money from politically-charged mega donors.

The WCU faculty senate voted overwhelmingly against the creation of such a free enterprise center in October — three in favor and 21 opposed. The majority who weighed in during a faculty forum and written comment period also opposed the free enterprise center. ([SMN Dec 2015](#))

## Ethical Violations

### Donor Influence Over University Personnel

#### Faculty and Students Acting As Agents Of The Donor

At **Florida State University**, the agreement with the Charles Koch Foundation was created by a Koch foundation employee named Matt Brown, who was also Bruce Benson's doctoral student. In addition to receiving his own graduate fellowship through the agreement, Matt Brown negotiated Bruce Benson's \$105,000 role as department chair. The faculty findings called this part of the conflict "egregious."

A further egregious conflict of interest was apparent in the development and implementation of the Koch agreement. An FSU PhD student for whom the department chair was major professor worked for Koch, wrote the initial proposal, received a Koch fellowship funded via the agreement, helped negotiate the agreement proposing that Benson remain chair and be given administrative pay raises, and reported to Benson on Koch interests in faculty selection and hiring, etc. ([Standley Report](#), Section 3.e)

In [a letter](#) to FSU President, the Dean of Faculties wrote that:

One of the unique aspects of this situation is that it involves a very different power dynamic than most faculty-student interactions, because the graduate student could be seen as wielding a certain amount of financial control over the chair.

At this time, Brown also served as the highest paid employee of the Charles Koch Foundation. According to CKF tax documents, Matt Brown made over \$500,000 between [2007-2009](#), and was CKF's highest paid employee in [2008](#).

#### Chairs acting as agents of the donor

At **Florida State University**, the former Economics Chair Dr. Bruce Benson in a [2007 memo](#) to the department states clearly:

I also told Koch representatives that I did not intend to stay on as Chair after the current three year term. However, Koch has indicated that they would not be willing to commit the proposed level of funding if I do not continue to serve as chair until the proposal is implemented. They are willing to help induce me to do so...(pg 2)

Dr. Benson was indeed induced by a \$105,000 payment. He remarks on the \$105,000 line item in the memo, “note the line ‘Benson as Department Chair.’ [...] They are willing to help induce me to do so, and this line item reflects that effort.”

This was later [deemed](#) a “clear conflict of interest” by President Eric Barron, and Benson was forced to step down as chair, and yet in spite of this, he remains the Principal Investigator of the CKF agreement with FSU.

## Deans Acting as Agents of the Donor

At **Florida State University**, the Dean of the College of Social Sciences oversaw the agreement in the Department of Economics. The faculty investigation described how the Dean worked with the Chair to overpower faculty dissent into accepting the agreement:

Dissenting faculty reported an atmosphere of intimidation and administrative dictate by the Dean for a “done deal” that prevented faculty input on academic integrity or curricular issues. During the discussions on development of the Koch proposal, no formal process for considering these opinions was allowed. Faculty specifically requested a vote on accepting the Koch agreement and this was rejected by the Dean who told us he did this because he did not intend to take their input.

The Faculty Senate Constitution and generally accepted discourse on academic freedom place curricular issues under the province of faculty. The Dean erred in not allowing established faculty governance process to function.

[...]

Attempts to move into a more active governance mode by the faculty on the Koch issue were stifled by the Dean and by the Department Chair who regularly emailed interpretations of the Dean’s wishes.

It was repeatedly stated by faculty that an atmosphere of intimidation was thus generated. It was reported that the Dean made threats about future teaching assignments if Koch money was not available, that dissent with the Koch agreement was viewed as faculty disloyalty by the department chair, and that memos from the department chair were argumentative and angry.

Many faculty were loathe to speak to the Koch issue in this atmosphere, particularly the untenured ones. ([Standley report](#), finding 2, pg 1-2)

In addition, the faculty senate investigation described the role that the Dean played in approving an agreement allowing CKF to appoint the department chair, giving Bruce Benson \$105,000 to remain the department chair:

The agreement mandated a particular individual to serve as chair of the department. The departmental by-laws state that the Dean appoints the chair with input from the faculty. The re-appointment of Bruce Benson with the implementation of the Koch agreement did not include faculty input. Again, the Dean erred on a faculty governance issue. ([Standley report](#))

## Direct Conflict of Interest

At **Florida State University**, the 2008 MOU was declared a “two-fold conflict-of-interest” by the Faculty Senate findings ([pg 7](#)):

1. The MOU was negotiated by a graduate student, Matt Brown, who was also a Koch Foundation employee. According to CKF tax documents, Matt Brown made over \$500,000 between [2007-2009](#), and was CKF’s highest paid employee in [2008](#). He also received a graduate fellowship through the agreement. The original faculty findings called this part of the conflict “egregious.”
2. CKF’s “gift” was contingent upon then Chair Bruce Benson remaining Chair. [Benson explains](#), “Koch has indicated that they would not be willing to commit the proposed level of funding if I do not continue to serve as chair until the proposal is implemented. They are willing to help induce me to do so, and this [\$105,000] line item reflects that effort.” In turn, Dr. Benson served as co-chair of Matt Brown’s doctoral committee.

This was affirmed by President Eric Barron in a 2011 [letter](#) to FSU’s Dean of the Faculties, saying “This is a clear conflict of interest and it should have been revealed and then avoided.”

The 2008 agreement between FSU and CKF, involved BB&T as a partner donor. The [announcement](#) notes the BB&T official, Nan Hillis, presenting the gift:

Joined by FSU President T.K. Wetherell and the deans of the College of Business and the College of Social Sciences, BB&T Tallahassee President Paul Sullivan and **Nan Hillis, president of BB&T's Orlando-based East Florida Region, announced that the company is presenting the university with two gifts totaling \$3 million to establish several new programs.** One will encourage a thorough discussion of the moral foundations of capitalism; another will examine the proper role of government in a free-market economy; and a third will help to train future teachers of economics.

Nan's husband Mark Hillis sat on FSU's [Board of Trustees](#) at the time. Additionally, and more directly a conflict, Mark and Nan Hillis both served on the [FSU Foundation's Board of Trustees](#).

In 2015, as part of Florida State University’s reauthorization of the economics graduate program, a Graduate Policy Committee (GPC) issued the report, and subsequently, voted to recommending whether to continue the graduate economics program as it currently stands. An FSU official describes in [an email](#) that the committee’s approval was a “close vote,” recommending “that the dept. put more information about funding sources (e.g., Koch bros) on public website to defuse criticisms,” and “a broader mix of funding.”

Yet, according to the 2014 report, one of the five members of the committee that voted was a Koch funded professor, and another was a student, Alice Crisp, who was a Koch doctoral fellow, as well as working closely with Koch's "economic freedom." Crisp is listed as an author of a 2013 Koch funded report, the Economic Freedom of the World report ([pg 250](#)). Had there been an impartial student on the committee, the "close" vote may not have passed.

## Faculty account of "threats" and "intimidation"

At **Florida State University**, the first substantial finding in the Faculty Senate report revealed that the "agreement" was not consented to by the department at large, and in fact that there was a long standing dissent that was repressed by administration:

The committee found that there was extreme dissent among faculty on this issue at its inception which continues to this time some 3 years later. Dissenting faculty reported an atmosphere of intimidation and administrative dictate by the Dean for a "done deal" that prevented faculty input on academic integrity or curricular issues. During the discussions on development of the Koch proposal, no formal process for considering these opinions was allowed. Faculty specifically requested a vote on accepting the Koch agreement and this was rejected by the Dean who told us he did this because he did not intend to take their input. The Faculty Senate Constitution and generally accepted discourse on academic freedom place curricular issues under the province of faculty. The Dean erred in not allowing established faculty governance process to function. It should be noted that each department within the university establishes its own by-laws for faculty governance. Traditionally, the Economics department has elected an Executive Committee and left all issues of curricular development, faculty hiring, and departmental development to this group. This trusting, governance at a distance process functioned well when issues were within established, traditional bounds, but was inadequate to handle the intense controversy of the Koch issue. Attempts to move into a more active governance mode by the faculty on the Koch issue were stifled by the Dean and by the Department Chair who regularly emailed interpretations of the Dean's wishes.

It was repeatedly stated by faculty that an atmosphere of intimidation was thus generated. It was reported that the Dean made threats about future teaching assignments if Koch money was not available, that dissent with the Koch agreement was viewed as faculty disloyalty by the department chair, and that memos from the department chair were argumentative and angry. Many faculty were loathe to speak to the Koch issue in this atmosphere, particularly the untenured ones.

## Fighting Transparency

## Deliberate Misinformation

At **Western Carolina University**, record requests revealed conversations between the BB&T faculty member, Dr. Edward Lopez, surrounding the creation of a Center for the Study of Free Enterprise. These conversations reveal that Lopez developed two distinct versions of his proposal; one with the Koch

foundation, and a “campus version” that was shared with administrators. The Smoky Mountain News [reported](#):

I’m attaching a proposal outline as we’ve discussed,” Lopez wrote in an email to Andrew Gillen, the program officer for university investments at the Koch Foundation. “The campus version of this proposal is now working its way through the channels here at WCU.

Lopez included a list of “deliverables,” several of which were overtly omitted from the “campus version”:

- The list of deliverables sent to the Koch Foundation highlighted the cultivation of students into the free enterprise discipline, including developing a “pipeline of students” exposed to free enterprise teachings and “cultivating students’ long-term interest and participation in the larger community of free enterprise scholars, implementers, activists and related professions.”

That language was left out of an otherwise largely identical on-campus version.

- The on-campus version included a generic description of outreach by the center: “to host research seminars, workshops and other events to support the development of sound research reports.”

The version submitted to the Koch Foundation, however, went on to elaborate on an underlying goal in that outreach: “To establish WCU as a hub of free enterprise idea entrepreneurs.” The deliverables cited in the Koch version also pledged to work with other colleges in North and South Carolina that receive Koch funding to “form a regional cluster.”

- Yet another difference in the two lists of deliverables involved the type of conferences that would be hosted. The on-campus version generically referred to hosting conferences, but specific examples were proffered in the Koch version — offering WCU as a site to host conferences for the Liberty Fund and Institute for Humane Studies, two Libertarian think tanks with close ties to the Koch network. ([SMN Jan 20, 2015](#))

## Donor Influence in Publicity and Disclosure

At **Utah State University**, **West Virginia University**, and **Clemson University**, the agreement with the Charles Koch Foundation required that the university “allow CGK Foundation to review and approve the text of any proposed publicity that includes mention of CGK Foundation or the Funding Amount..

Additionally, the agreements’ “Confidentiality” section stipulates “USU will not use, disseminate or any way disclose confidential information obtained by or provided to USU by CGK Foundation [...]. (USU 2008 MOU, Section 13)

At **Clemson University**, the Koch required the university avoid as much transparency as possible, requiring

“To the extent permitted by South Carolina law, University will not use, disseminate or any way disclose confidential information obtained by or provided to University by CGK Foundation. [...]



For purposes of this Section, confidential information will include all information reasonable considered by the Parties to be confidential to one another including but not limited to research, financial strategies, correspondence, minutes, intellectual property, programs and other similar information. (Clemson 2009 MOU, Section VI)

At the **University of Louisville**, the 2015 MOU requires substantial confidentiality:

The Foundation and the University agree to keep confidential and not to disclose to any third party the existence of or contents of this Agreement without express written approval from the Donor, except as otherwise may be required by law. The Parties acknowledge that the University must adhere to the open records laws that exist for public institutions in the Commonwealth of Kentucky. If the Foundation or the University is required to disclose the existence of or the content of this Agreement to any third party, the Foundation and the University agree to provide the Donor with at least ten (10) days' advance written notice of such disclosure, except as otherwise may be required by law. (UL 2015 MOU, Section 8.b)

## Faculty Censorship

At **Florida State University**, the agreement with the Charles Koch Foundation was made public in 2011. President Eric Barron called for a Faculty Senate Ad Hoc Committee to review the CKF agreement. The co-chairs of that committee were Dr. Eric Walker and Dr. Jayne Standley. Recently recovered emails have revealed an initial [report](#) written by Dr. Standley. It is clear from the [correspondence](#) that Dr. Standley believed her draft was not substantially changed through the final edits. However, much significant information in the earlier draft, including key findings and recommendations, was drastically altered in, or entirely missing from, [the final report](#).

It is seen in a [2014 email](#) that Dr. Jayne Standley, a co-chair of the faculty senate committee and author of this suppressed draft, was under the impression that her draft was “softened” by the other co-chair, Dr. Eric Walker. She appears to be unclear as to the differences between her draft and the final draft:

Here is the file on my computer. Unfortunately, I don't know if it is the draft or the final copy. Eric tweaked my draft and softened the wording but changed none of the essence or the recommendations. Eric Walker may have the later file that is the official final report.

Dr. Walker has said in several instances that he and President Eric Barron edited the final version of the report. It is now apparent that they substantially altered the findings and recommendations of her draft, while curiously leaving her name first in the final report.

The above correspondence, in conjunction with the rest of our records requests, reveals that Dr. Gary Tyson received a copy of Standley's version during a 2014 consideration by the Faculty Senate, but did not disclose it to the Steering Committee during their deliberation.

The programming created by the Charles Koch Foundation at Florida State University is prominent on the College of Social Science and Public Policy website, but all public information that FSU has published to the web regarding the details and criticism of their agreement with the Charles Koch Foundation has been posted on the FSU Foundation's website, [one.fsu.edu](http://one.fsu.edu). This included the official position of the FSU Foundation on the controversial matter, as well as several supporting documents related to the agreement.

As of June 9th, FSU Progress Coalition has discovered that these resources, and literally any mention of "Koch," have been removed from the [FSU Foundation Website](http://one.fsu.edu/foundation). Previously, the site contained:

"Q & A: Charles Koch Foundation Gift to Florida State University"; originally located at <http://one.fsu.edu/foundation/news/2014/fd-af-news-koch-gift-qa>. Though this link is now dead, an archived version can be found [here](#).

Comments that President Thrasher made on the Koch Foundation Gift on January 22 after canceling his meeting with community members about the Koch agreement were posted at <http://one.fsu.edu/foundation/news/2015/koch-gift>. Though that link is now dead, a [backup cache](#) shows it on one.fsu.edu (full original document [here](#)).

A Dec 12th memo from the Faculty Senate President Gary Tyson to Interim Provost Sally Mcrory was referenced by and released with Thrasher's statement: "Memo RE: Review of the February 2013 Memorandum of Understanding between the Charles Koch Foundation and the FSU Board of Trustees." The link, [http://one.fsu.edu/file/fd-communications/2014\\_12\\_12\\_Faculty\\_opinion\\_to\\_Provost.pdf](http://one.fsu.edu/file/fd-communications/2014_12_12_Faculty_opinion_to_Provost.pdf) is dead, but a [backup cache](#) shows the document on the university's site (full original document [here](#)).

A 2008 announcement of BB&T Charitable Foundation's \$3 million to FSU in partnership with the Charles Koch Foundation, once found at <http://one.fsu.edu/document.doc?id=265> can now be seen at in a [backup cache](#).

## Inappropriate political activity/scientific misconduct

At **West Virginia University**, the Charles Koch Foundation's donation of \$965,000 to create the Center for Free Enterprise came with some strings attached. The foundation required the school to give the foundation a say over the professors it funded, in violation of traditional standards of academic independence. The Kochs' investment had an outsized impact in the small, poor state where coal, in which the Kochs had a financial interest, ruled. One of the WVU professors approved for funding, Russell Sobel, edited a 2007 book called *Unleashing Capitalism: Why Prosperity Stops at the West Virginia Border and How to Fix It*, arguing that mine safety and clean water regulations only hurt workers. "Are workers really better off being safer but making less income?" it asked. Soon, Sobel was briefing West Virginia's governor and cabinet, as well as a joint session of the Senate and the House Finance Committees. The state Republican Party chairman declared Sobel's a deregulatory book the blueprint for its party platform. [Dark Money, pp.154-155]

At the **University of Kansas**, various foundations controlled by Charles Koch, the Fred and Mary Koch Foundation, the Charles Koch Foundation, and the Claude R. Lambe Foundation, have provided at least

\$1.2 million to the University of Kansas (KU) School of Business, including the creation of the Center for Applied Economics (CAE) in 2004. The director, Art Hall, describes the Center as “a self-funding economic research organization staffed by an executive director.” CAE is inside the School of Business, but entirely independent of the KU Department of Economics. (KU records request, pg 9)

From 1997 to 2004, Hall was chief economist of Koch Industries’ lobbying subsidiary, Koch Companies Public Sector. In his capacity with CAE, Hall has worked in collaboration with other Koch affiliates to advance state policy change that reflect Kochs’ agenda, while assuming the academic credentials of KU. In fact, several reports Hall has published under the CAE are co-authored by Koch-funded economists.

[Public records](#) released by the University of Kansas show include only a few emails between Hall and Koch officials between 2007 and 2013. In one document, Art Hall describes the CAE’s overtly political goal of influencing public policy in favor of “free-enterprise”:

In a 2007 letter to the Charles Koch Foundation, Art Hall states that “[t]he research team’s goal is to create intellectual products that will enlighten public policy debates in a way that helps promote smaller government and a more robust free-enterprise policy platform.” ([KU records](#), pg 4). Hall describes the Center’s model of delivering policy-products for money:

The Center has focused on targeted, high-quality research projects that hold the promise of major structural reform across different policy areas, and has adopted a policy of paying scholars only upon delivery of work product ready for final publication. ([KU records](#), pg 2)

[Additional records](#) show at least one example of how Art Hall failed to disclose his funding from the Koch Foundation with the sole purpose of lobbying against clean energy incentives. Koch Industries holds significant interests in fossil fuels, it was actively lobbying against these incentives. In a November 2013 email to Koch officials, Hall describes the Center’s use of funding from the Fred and Mary Koch Foundation (FMK) in 2013:

A substantial portion of that sum financed [1] background research on Renewable Portfolio Standard and (2) work on a survey project related to the local "business environment" in Lawrence.

[...]

I suppose this might be an appropriate time to ask if the fund can be used in 2014 to support another \$40,000 of payroll—primary the summer portion of the Center's payroll?

On Dec 11 2013, a FMK official, Laura Hands, responds “Yes, FMK would like to authorize an additional \$40k for 2014 payroll” (KU records request, pg 15).

During the 2014 Kansas legislative session, Art Hall provided testimony in opposition to SB 433, Kansas Renewable Portfolio Standards. Hall not only failed to disclose his funding from the Koch foundation, but Hall provided written bullet points as part of his testimony which read:

The viewpoints expressed by Art Hall are his alone, based on his research and independent judgement; they should in no way be interpreted as representing the viewpoints of the University of Kansas (or any sub-unit thereof) or the Kansas Board of Regents. (Hall's [Written Testimony](#))

In 2015, journalists reporting on the revelations revealed that this testimony was the sole product of the funding:

Hall testified in favor of repeal at a Senate hearing in March 2014, after his center had produced Koch-funded research on the standards.

Hall said in an email to a reporter that the testimony was the only published work that came from his investigation into the standards.

At **Suffolk University** the administration were first alerted to the Beacon Hill Institute's activities in 2013 when the [Guardian](#) revealed grant proposals where BHI "appeared to have already arrived at its conclusions in advance, admitting from the outset that the aim of the research was to arm opponents of cap-and-trade with data for their arguments, and to weaken or destroy the initiative." The proposal read, "Success will take the form of media recognition, dissemination to stakeholders, and legislative activity that will pare back or repeal [Regional Greenhouse Gas Initiative]."

Suffolk officials told the Guardian that it had not been consulted about Beacon Hill's research, "and would not have authorised the grant proposal if it had been." In an email from Suffolk's vice-president for marketing and communications, Greg Gatlin, clarified "The stated research goals, as written, were inconsistent with Suffolk University's mission."

Suffolk University [announced](#) late in 2015 that it will cut ties with the Koch funded Beacon Hill Institute. The center has received over \$800,000 from the Charles Koch Foundation since 2008 and has been criticized by economists and scientists for its inaccurate and faulty research, especially around energy policy. The center director cited newly enforced academic protections for the closure, "I think the entire administration made up their mind that they were troubled by what we were doing in some way, where we were getting money, how we were using the money, what we were saying, and they wanted things to change. [...] I couldn't raise money under the guidelines that were being issued."

At **George Mason University**, academic research predominantly underwritten by Koch has resulted in professors lobbying on topics related to Koch's financial interests, including energy issues and state-level politics. George Mason University's Mercatus Center has been cited repeatedly in the Congressional record, as [reported](#) by the Center for Public Integrity:

Congress is also paying more attention to the Mercatus Center, which from 1999 to 2008 was mentioned by name 32 times in either the Congressional Record or congressional committee reports. Since 2009, it's been mentioned 93 times, often in reference to Mercatus Center faculty who were testifying before Congress. This year, Congress even cited Mercatus Center research in the text of budget bills. House Concurrent Resolution 27 and Senate Concurrent Resolution 11

note that a Mercatus Center study "estimates that Obamacare will reduce employment by up to 3 percent, or about 4 million full-time equivalent workers." In North Carolina, the Mercatus Center published a [report cited by Koch's flagship lobbying group](#), Americans for Prosperity, in a push against health care expansion.

At **Arizona State University** a Koch-funded campus center has advanced the priorities of Governor Doug Ducey. The Koch-funded Center for the Study of Economic Liberty appears to have [laid the groundwork](#) for Governor Ducey's plan to [raid his state's education trust](#) and prematurely spend \$2 billion in savings. Ducey, a regular attendee of the Koch brothers Freedom Partners political summits, has ignored the warnings of defunded future education from Arizona state treasurer.

## Freedom Partners Chamber of Commerce

### Brief Background

We must provide a brief background on Koch's partner donors, and how their political activity has brought them to focus a majority of their political spending, approximately \$600 million, on "research and education." As USA Today reported in April 2015:

For the first time, Charles Koch also outlined what share of his network's staggering \$900 million, two-year budget would be devoted to politics. He said **only a third of that amount — roughly \$300 million — would be spent directly on electoral politics in 2016**, including federal and state elections. He said there's no breakdown of exactly how the political portion of the budget will be divided.

The \$300 million would rival the almost \$400 million the Republican National Committee raised and spent in the 2012 election cycle. "**A good part of the rest is education and research**," Koch said, ticking off university grants and other projects he is supporting, including an overhaul of the criminal justice system.

([USA Today](#), April 21 2015).

Twice a year for the past decade, Kansas oil billionaire Charles Koch has assembled a highly secretive network of funders and strategists, now known as the [Freedom Partners Chamber of Commerce](#), who seek to advance a radical anti-government political agenda. Perhaps the most clear expression of the intention of the summits and Freedom Partners Chamber of Commerce appears in a session called "Winning the Fight between Free Enterprise and Big Government" where the President of the American Enterprise Institute, Arthur Brooks, presents:

America was built on the free enterprise system. That's how America became a prosperous nation with abounding opportunities for all. Now, freedom is under a relentless attack. What happens if

it slips away? Arthur Brooks will share with us how **free enterprise is more than an economic system- it is a moral imperative, and we must defend it at all costs.**”

Perhaps the most lucid description of Koch’s progress in this endeavor has been revealed in leaked recordings from a 2014 donor summit. Jane Mayer of the New Yorker describes the unambiguously political nature of Freedom Partners’ leveraging of higher education. She quotes Koch officials at the summit as they brag about the scale of their higher education programming and its potential for producing political talent:

At the June summit, [Charles Koch Foundation executive Ryan] Stowers stressed to the donors that this “investment” in education had created a valuable “talent pipeline.” Assuming the thousands of scholars on average taught hundreds of students per year, he said, they could influence the thinking of millions of young Americans annually. “This cycle constantly repeats itself,” he noted, “and you can see the multiplier effect it’s had on our network since 2008.” In summation, [Kevin] Gentry stressed to the donors, “So you can see, higher education is not just limited to an impact on higher education.” The students were “the next generation of the freedom movement,” he said. “The students that graduate out of these higher-education programs populate the state-based think tanks and the national think tanks.” And, he said, they “become the major staffing for the state chapters” of the “grassroots” groups. Those with passion were encouraged to become part of what he called the Kochs’ “fully integrated network.” At this point, he paused and said, “I got to be careful how I say this.” He paused again. “They populate our program.”

## Examples Of Donor Partner Involvement

Many Koch funded programs on campuses are partnerships with [people who have been identified](#) as having attended a Koch summit.

At the **University of Kansas**, several emails between Koch Foundation officials and the director of Koch’s Center for Applied Economics have surfaced as a result of a public records request. In addition to revealing details about how the Koch foundation funds academics to act as corporate lobbyists, the documents released show how Charles Koch’s Freedom Partners Chamber of Commerce is jointly funding these research initiatives. A 2007 email describes a partner donorship:

To help underwrite the proposed project, the Center respectfully requests a grant of \$108,400 from the Charles G. Koch Charitable Foundation. This sum represents one-third of the total projected cost of the project. The Center hopes to acquire an equal underwriting commitment from two other foundations.

[...]

The Center has submitted an identical proposal to the John William Pope Foundation and The Cortopassi Institute. The Center’s goal is to secure equal funding from each grant request. ([KU records](#), pg 4)

These two foundations are run by Art Pope and Dean Cortopassi respectively. Both men have been identified as actively involved in Koch's Freedom Partners Chamber of Commerce through documents leaked from inside Koch's secretive donor summits.

At **Arizona State University** the \$5 million Center for the Study of Economic Liberty was co-financed with the W.P. Carey Foundation.

At **Troy University**, the Manuel Johnson Center of Political Economy is a partner donorship with Manuel Johnson, who has attended at least one donor summit.

At **Creighton University**, the \$4.5 million Institute for Economic Inquiry, co-financed with Gail Werner-Robertson in Nebraska.

At the **University of Arizona** the \$2.5 million Center for the Philosophy of Freedom, co-financed by Ken and Randy Kendricks and Karl Eller.

At the **University of Kentucky**, the \$12 million Institute for the Study of Free Enterprise, co-financed with Papa Johns CEO John Schnatter.

At the **University of Louisville**, the \$6 million Center for Free Enterprise, co-financed with Papa Johns CEO John Schnatter in Kentucky.

At the **University of Maryland at College Park**, the \$6 million Center for Enterprise and Markets, co-financed with Philadelphia Flyers owner Ed Snider.

At **West Virginia University**, the \$5 million Center for Free Enterprise, co-financed by Ken Kendricks